

SETTLEMENT AGREEMENT

This Settlement Agreement (the “Agreement”) is entered into between the State of Maryland (the “State”) and Granite Md Opco D/B/A Patapsco Healthcare (“Patapsco”) and together with the State, (the “Parties”) on the date of the final signing by the last signatory. (the “Effective Date”).

RECITALS

- A. WHEREAS, Patapsco is a nursing facility located at 9109 Liberty Road Randallstown, Maryland 21133.
- B. WHEREAS, Granite Md Opco D/B/A Patapsco Healthcare has been a participating provider in the Maryland Medical Assistance Program (“Medicaid”) since 2023.
- C. WHEREAS, the State alleges that, from 2023 to the Effective Date, Patapsco submitted, or caused to be submitted, certain claims for payment to Medicaid for nursing services that the State alleges were not provided in compliance with applicable laws and regulations.
- D. WHEREAS, beginning in 2023, and continuing until 2024, the Medicaid Fraud & Vulnerable Victims Unit (“MFVVU”) investigated Patapsco after receiving information about the potential neglect of residents. During its investigation, MFVVU obtained evidence that it alleges gives rise to the following deficient conduct (hereinafter the (“Covered Conduct”)):
- a. Failing to provide treatment/services to certain residents to prevent/heal pressures ulcers such that the pressure ulcers became infected resulting in residents’ experiencing sepsis and requiring hospitalization;
 - b. Failing to ensure certain residents were provided with adequate hydration;
 - c. Failing to ensure certain residents were provided with adequate nutrition;

- d. Failing to prevent certain residents from falling and sustaining injury, including fractures; and
- e. Failing to prevent residents from overdosing on opiate medications when the same was avoidable.

E. WHEREAS, Patapsco has agreed to engage a consultant to assist with quality-of-care improvement initiatives pursuant to a Quality Improvement Agreement and has expressed a commitment to provide quality care and services to residents.

F. WHEREAS this Agreement is neither an admission of liability by Patapsco nor a concession by the State that its claims are unsubstantiated.

NOW, THEREFORE, to avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of these claims, and to help ensure quality care and services for current and future residents in consideration of the mutual promises and obligations set forth herein, the sufficiency of which is hereby acknowledged, the Parties covenant and agree as follows:

AGREEMENT

1. Payment by Patapsco. Patapsco shall pay the total sum of \$200,000.00 (the "Settlement Amount") over a four-year period as follows:

a. Beginning thirty (30) days from the Effective date of this Settlement Agreement, and on the anniversary of this date in years 2026, 2027, and 2028, Patapsco will pay the sum of \$25,000 by check or money order payable to "MDH c/o DRAFS" and delivered to: Maryland Department of Health--DRAFS; P.O. Box 13045; Baltimore, MD 21203-8812.

b. Beginning thirty (30) days from the Effective date of this Settlement Agreement, and on the anniversary of this date in years 2026, 2027, and 2028, Patapsco will pay the sum of \$25,000 to Med-Net Compliance, LLC ("Med-Net") to fund quality of

care improvement initiatives Med-Net recommends pursuant to the Quality Improvement Agreement as set forth in Paragraph 2 and subject to the reporting requirements therein.

2. Quality Improvement Agreement. Contemporaneously with and as a condition of entering into this Agreement, Patapsco is entering into a Quality Improvement Agreement (the “QIA”) with Med-Net Compliance, LLC – attached hereto as Exhibit A. The terms of the QIA as set forth in Exhibit A are incorporated herein by reference and any violation of the QIA shall be deemed a breach of this Agreement and subject Patapsco to any recourse made available herein.

3. Default. Patapsco shall be deemed in Default of this Agreement if the State, in its sole discretion, determines that Patapsco has failed to satisfy any material obligation under this Agreement (the “Default Event”) and after the procedure described in Paragraph 3.a. has occurred.

a. In the event the State determines that a default has occurred, the State shall provide written notice (“Notice of Default”) and allow Patapsco an opportunity to cure the violation within ten (10) business days of receipt of the written notice. Notice of any violation will be sent in accordance with the Notice provision in Section 22.

b. If Patapsco does not cure the Default Event to the State’s reasonable satisfaction (a) within ten (10) business days of receipt of the Notice of Default, or (b) if the cure requires more than ten (10) days, and Patapsco does not immediately initiate steps that the State reasonably deems to be sufficient to cure the Default and thereafter diligently continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical, the Maryland Attorney General’s Office may declare Patapsco in Default of this Agreement.

c. Upon a Declaration of Default, the State may exercise, at its sole option, one or more of the following rights, as applicable:

1. Declare this Agreement breached, and proceed against Patapsco for any

claims, including those to be released by this Agreement, in which case Patapsco may contest whether a Default has occurred in court;

2. Exercise any other right granted by law, or under the terms of this Agreement, or recognizable at common law or in equity.

4. Release of Patapsco. Conditioned upon timely payment in compliance with the terms of the Settlement Amount by Patapsco, and compliance with the QIA, the State agrees to release Patapsco along with its actual and apparent agents, servants, employees, employers, principals, heirs, executors, administrators, predecessors, successors, affiliates, privies, attorneys, insureds and insurers from any civil claim the State has for the Covered Conduct under the Maryland False Health Claims Act, MD. CODE ANN., HEALTH GEN. §§ 2- 601 through 2-611, or any common law theory related to the Covered Conduct.

5. Release of State. Patapsco finally and fully releases the State, its agencies, employees, servants, and agents from any claims (including claims for attorney's fees, costs, and expenses of every kind and however denominated) that Patapsco has asserted, could have asserted, or may assert in the future against the State of Maryland, and its agencies, employees, servants, and agents, related to the Covered Conduct and investigation and prosecution thereof.

6. Tax Treatment. \$100,000 of the Settlement Amount is paid to the State of Maryland for restitution. No amount is a penalty.

7. Pending Payments. The Settlement Amount shall not be decreased as the result of the denial of claims for payment, if any, now being withheld from payment by the Medicaid Program or any Medicaid contractor or any other state payor, or by any Medicare contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) related to the Covered Conduct; and Patapsco agrees not to resubmit to the Medicaid Program or any Medicaid contractor or any other state payor, or to any Medicare contractor any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims.

8. Benefit of the Parties. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 12 (waiver for beneficiaries' paragraph).

9. Payment from Beneficiaries. Patapsco shall waive and shall not seek payment for any of the health care billings which are the subject of this Agreement from any health care beneficiaries or their agents, parents, children, sponsors, guardians, legally responsible individuals, Estates or third-party payors based upon the claims defined as Covered Conduct.

10. Solvency. Patapsco warrants that it has reviewed its financial situation and that it is currently solvent within the meaning of 11 U.S.C. §§547(b)(3) and 548(a)(1)(B)(ii)(I) and expects to remain solvent after payment of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given, within the meaning of 11 U.S.C. §547(c)(1), and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which the Parties were or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. §548(a)(1).

11. Bankruptcy. If, within sixty (60) days of the Effective Date of this Agreement or of any payment made under this Agreement, Patapsco commences, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking to have any order for relief of any of Patapsco's debts, or seeking to adjudicate it as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for Patapsco or for all or any substantial part of any of the their assets, the Parties agree as follows:

a. The obligations of Patapsco under this Agreement may not be avoided pursuant to 11 U.S.C. §547, and Patapsco shall not argue or otherwise take the position in any such case, proceeding, or action that: (i) the obligations of Patapsco under this Agreement may be avoided under 11 U.S.C. §547; (ii) Patapsco was insolvent at the time this Agreement was entered into, or became insolvent as a result of the payments made to the Office of the Attorney General; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to Patapsco .

b. If any obligation of Patapsco under this Agreement is avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the State of Maryland, at its sole option, may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against Patapsco for the claims that would otherwise be covered by the releases provided in Paragraph 7 above. Patapsco shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claims, actions, or proceedings that are brought by the State of Maryland within 120 calendar days of written notification to Patapsco that the releases have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the date of the Settlement Agreement.

c. Patapsco acknowledges that the agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

12. Cost and Expenses. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

13. Voluntary Agreement. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement.

14. Governing Law. This Agreement is governed by the laws of the Maryland. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the Circuit Court for Baltimore County.

15. Construction. For purposes of construing this Agreement, this Agreement shall be deemed to have been reviewed and agreed upon by all Parties and shall not, therefore, be construed against the drafting Party for that reason in any subsequent dispute.

16. Integration. This Agreement constitute the entire agreement of the Parties. All prior understandings, representations, and agreements are merged in this Agreement, and this Agreement shall not be modified in any manner, except in writing signed by all Parties.

17. Authority. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

18. Counterparts. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

19. Severability. If any provision within this Agreement shall be determined to be void, invalid, or otherwise enforceable by a court of competent jurisdiction, such finding shall not otherwise affect the validity or enforcement of any other provision of this Agreement.

20. Successors in Interest. This Agreement is binding on the Parties' successors, transferees, and assigns.

21. Disclosure. All Parties consent to the State of Maryland's disclosure of this Agreement, and information about this Agreement, to the public.

22. Address for Notice. Postal correspondence related to this Agreement will be sent by hand delivery or overnight mail using the following addresses:

i. For Office of the Attorney General:
Maryland Medicaid Fraud & Vulnerable Victims Unit
200 St. Paul Place, 18th Floor
Baltimore, Maryland 21202

ii. For Patapsco
Patapsco Healthcare
9109 Liberty Road
Randallstown, Maryland 21133
Attn: Administrator

Copy to: Aaron Lichtman, Esq.
Lichtman Law
65 Locust Avenue
New Canaan, CT 06840

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement by
their signatures.

SIGNATURE PAGES FOLLOW

For:

THE STATE OF MARYLAND

ANTHONY G. BROWN
Attorney General for the State of Maryland

Dated: 28 Oct 2025 By:



W. Zak Shirley
Director, Medicaid Fraud & Vulnerable Victims Unit
Office of the Attorney General

For:

GRANITE MD OPCO D/B/A PATAPSCO HEALTHCARE

Dated: 10/24/25 By:



Title: ADMINISTRATOR

EXHIBIT A

QUALITY IMPROVEMENT AGREEMENT
BETWEEN MED-NET COMPLIANCE, LLC AND
GRANITE MD OPCO D/B/A PATAPSCO HEALTHCARE

THIS AGREEMENT (the “Agreement” or “QIA”) is made and entered into by and between Med-Net Compliance, LLC (“Med-Net”), and Granite Md Opco D/B/A Patapsco Healthcare (“Patapsco”).

RECITALS

WHEREAS, Patapsco is a comprehensive care nursing facility; and

WHEREAS, Patapsco has entered into a Settlement Agreement dated OCTOBER 24, 2025 (“Settlement Agreement”) with the State of Maryland (the “State”); and

WHEREAS, as a material obligation of the Settlement Agreement, Patapsco is required to enter into this Quality Improvement Agreement for Quality-of-Care Reviews (“QIA”) as specified in the Settlement Agreement; and

WHEREAS Patapsco desires to engage Med-Net as the Quality-of-Care Consultant for Patapsco; and

WHEREAS, neither Med-Net nor any of its owners, officers, directors, employees or agents has had, or currently has, any business or personal relationships with Patapsco or any of its owners, directors, officers, employees or agents, prior to the date of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, Med-Net and Patapsco do hereby agree as follows:

AGREEMENT

1. Med-Net shall, on a quarterly basis, provide a written report to the State of Maryland (“State”) which shall act through the Office of the Attorney General, Medicaid Fraud & Vulnerable Victims Unit (“MFVVU”) (i) that Patapsco is receiving ongoing objective quality reviews and recommendations, as appropriate, from Med-Net, and (ii) that Patapsco is in material compliance with the terms of this QIA Agreement.
2. Med-Net shall conduct a series of Performance Evaluations to assess the quality of resident care according to various measures as set forth herein, and after obtaining input

from facility leadership, issue recommendations to Patapsco which are designed to increase the Quality of Care and services to the residents of Patapsco.

3. Med-Net shall conduct an initial Performance Evaluation within 90 days of its engagement by Patapsco. It shall complete seven (7) subsequent Performance Evaluations and issue written reports at 6, 12, 18, 24, 30, 36 and 48 months after the Effective Date of the Agreement to MFVVU and Patapsco, unless the State directs otherwise. Med-Net shall produce a written report of its findings and recommendations to MFVVU and Patapsco no later than four (4) weeks after the completion of each Performance Evaluation. After each evaluation, prior recommendations shall be re-reviewed, and modifications of the foregoing and/or new specific recommendations shall be provided by Med-Net to Patapsco to improve the Quality of Care.

4. Patapsco agrees to engage Med-Net for a term of four (4) years ("Review Period"). The Review Period may be shortened with State approval by up to 6 months, based on: (i) Patapsco's improved performance as reflected in the Performance Evaluations; (ii) Med-Net's determination of material compliance with Quality-of-Care recommendations made by it and (iii) the Facility's appropriate payment of funds for Med-Net's services.

5. Patapsco shall be solely responsible for the payment of Med-Net's reasonable fees and expenses and will provide quarterly reports to MFVVU which specify amounts spent for Quality-of-Care improvement measures.

6. Med-Net's production of the Performance Evaluations and reports described in paragraphs 1 through 3 above, shall include, but not be limited to, the following components:

- a. Assessment of Facility compliance with requests for, and the production of, information and documents;
- b. Assessment of Facility's performance;
- c. On-site visits;
- d. Clinical care policies and procedures;
- e. Delivery and documentation of delivery of service to residents, (evaluations, assessments, care plans, treatment and/or outcomes);
- f. Priority recommendations for improvement of Quality of Care or services; and

g. Accounting of the monies expended for Med-Net's services.

7. The assessment tools used for each component of a Performance Evaluation will be to help the facility achieve more consistent compliance with certain focus areas relating to the covered conduct based on Title 10, Subtitle 7, Chapter 2 of the Code of Maryland Regulations, as well as the Centers for Medicare & Medicaid Services ("CMS") applicable federal Requirements of Participation under the Code of Federal Regulations, Title 42, Subtitle 483. The focus of the assessments shall be related to care in the following areas: pressure ulcers; hydration; nutrition; management of opioid medications; prevention of opioid overdoses; and falls. The contents of Med-Net's assessment tools will not be subject to the prior approval of either Patapsco or the State.

8. Patapsco understands and agrees that Med-Net shall request access to the premises, its staff, documents and other information in connection with the performance of its responsibilities. Patapsco shall provide access as Med-Net reasonably requests, and as permitted by law, in a prompt and timely manner. Patapsco further agrees to provide Med-Net, without an affirmative request, and in a timely manner, all surveys, inspection reports, and notices of violation, or other governmental documents addressing the quality of care delivered to, or concerning the health or safety of, any resident.

9. Patapsco understands and agrees that Med-Net shall conduct on-site visits as reasonably necessary to carry out its duties, and in a manner designed not to interfere with ongoing treatment and care and/or the clinical chain of command. On-site visits shall be unannounced, but shall be within an announced two-week timeframe, shall occur no less frequently than monthly and shall collectively be across all shifts, and may include meetings/interviews with Patapsco's leadership, employees, and third-party vendors, as well as with consenting residents, their families, or others who may have relevant information.

10. Patapsco agrees to provide Med-Net with access, as reasonably necessary to the physical plants, and all medical and safety equipment, as well as to all documents and information reasonably necessary to provide effective recommendations, determine compliance, and produce required reports. With the cooperation of Patapsco, Med-Net shall conduct all on-site visits in a manner designed to cause the least disruption to the operations of each facility.

11. Patapsco agrees to provide Med-Net with access to management personnel, employees (permanent, part-time, and temporary) and to contractual staffing personnel, and to facilitate access to third-party vendors and, where appropriate, to residents and family members, in response to Med-Net's reasonable requests for interviews.

12. Patapsco understands and agrees that Med-Net shall review the delivery of resident-care services in connection with each Performance Evaluation, including a review of a sample of patient records, performed pursuant to a HIPAA-compliant Business Associate Agreement. Med-Net shall select the patient records for review from a complete list of current residents. The records review will focus on the quality and sufficiency of the documentation, and the delivery of patient care services particularly in the areas set forth above in paragraph 7. The focus of the assessment shall be related to care as to the following areas: wounds/pressure ulcers; nutrition; hydration; and oversight of the provision of medications prescribed for substance use disorder.

13. Patapsco understands and agrees that Med-Net shall conduct a review of clinical policies and procedures in connection with each Performance Evaluations particularly in the relevant areas set forth above:

14. Med-Net shall provide a draft of any Performance Evaluation to the Facility for its comments and input prior to submission to the MFVVU, and should it believe the same is necessary for accuracy, may make amendments based thereon. Following the publication of a written report the Facility may, in addition, provide written comments to MFVVU.

15. MFVVU may contact Med-Net at any time during the Review Period to discuss Patapsco's compliance with its obligation under the QIA or the Settlement Agreement, the conduct of the Performance Evaluations or other related matters.

16. Patapsco understands and agrees that Med-Net is performing its services as a Quality-of-Care Reviewer for the benefit of the State of Maryland, among others. Med-Net shall disclose to MFVVU any and all information obtained, including all communications with Patapsco or any affiliated entity, in connection with the performance of its duties as Quality-of-Care Reviewer. Patapsco further agrees that Med-Net's work as Quality-of-Care Reviewer shall not, vis-a-vis the State, be subject to Patapsco or any affiliated entity's or related party's assertion of confidentiality or privilege of any kind, unless required by law. Records, analysis and other correspondence as part of this process may, however, be subject to confidentiality and considered part of the QAPI/Peer Review process with regard to third parties but would not restrict access or oversight by MFVVU. Records, analyses and other correspondence accessible to MFVVU may be considered part of the QAPI/Peer Review process with regard to third parties.

19. Patapsco and the State agree to use their best efforts to resolve in good faith any disputes that arise related to the performance of Med-Net's duties. In the event Patapsco and Med-Net are not able to resolve a dispute, they shall bring the matter to the Maryland

Office of Attorney General, MFVVU, for resolution and for permission to replace Med-Net.